

TEA



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FEDERAL TRANSPORTATION REAUTHORIZATION UPDATE

TEA-21, the federal highway and transit bill, is now operating under a sixth short-term extension, which expires May 31, 2005.

The next federal transportation bill will determine how much federal funding Michigan will receive for roads, bridges and transit during the next six years.

The latest extension of TEA-21 continues federal surface transportation programs at funding levels slightly higher than the previous fiscal year. Nearly \$2 billion in FY04 funds, which had been reserved for earmarking, will be distributed by formula to the states in FY05. In addition, corrections were made to compensate the states, including Michigan, that were hurt by the use of outdated gasoline consumption numbers in the previous extension. These provisions are worth approximately \$80 million to Michigan this year.

The House and Senate versions of the bill went to conference committee in June, 2004. The House version would have provided \$275 billion nationwide for roads and transit, the Senate version \$318 billion. Although a compromise was nearly reached in September, the financial differences between the bills could not be worked out in time to avoid another extension. Efforts to do so were complicated by the Bush administration's insistence up until the eleventh hour that it would veto any bill over \$256 billion.

Gov. Granholm continues to stand firm in her stance on the reauthorization debate. She has stated, "Congress needs to immediately pass, and the president needs to sign, a federal highway bill that returns our fair share of gas taxes back to Michigan and provides us with the necessary resources to maintain and improve our roads."

The governor stated that failure to pass the Senate version of a six-year reauthorization bill has resulted in a loss to the Michigan Transportation Fund of \$350 million.

House and Senate transportation leaders expressed their intent to continue work on a six-year bill during the lame-duck session, but chances are slim that final action on a six-year bill will occur this year. If no action is taken in the lame-duck session, the new Congress will restart the reauthorization effort in January. Michigan and other donor state advocates will continue to push for greater equity in the return of federal highway funds to the states.